

WLA

WILLIAM LAWRENCE AGENCY
NORTHERN NJ REAL ESTATE EXPERTS

MANAGING INHERITED PROPERTY IN NEW JERSEY

FOR EXECUTORS AND
OTHER DECISION MAKERS



INTRODUCTION

We are providing this booklet to help you wisely manage real estate that you inherited or were otherwise given authority over. Our goal is to provide a valuable resource that guides informed decisions for acquired property in the most practical way possible. As specialists in selling inherited property, we've assembled our most useful recommendations, which we've acquired by helping many others in similar roles. With our mission of maximizing one's financial legacy through smart real estate management, we hope you can benefit from our insights.

We understand the responsibility one has while carrying out the final affairs for somebody. The duties of an administrator can be intricate and involve various assets, including insurance policies, investment and retirement accounts, physical belongings, and cash. Our focus will be specifically related to real estate and how to preserve your loved ones investment for the future, regardless if you are keeping the property or selling it. Considering that the property may represent a substantial portion of the estate, the care it receives can significantly impact the outcome for future generations, so let's make sure it's positioned as good as it can be.

Throughout this booklet, we will use the term "administrator" to refer to anyone in a decision-making position, however, your specific title may be trustee, executor, managing member, or another designation assigned to you by the person who established it, who is typically referred to as the grantor.

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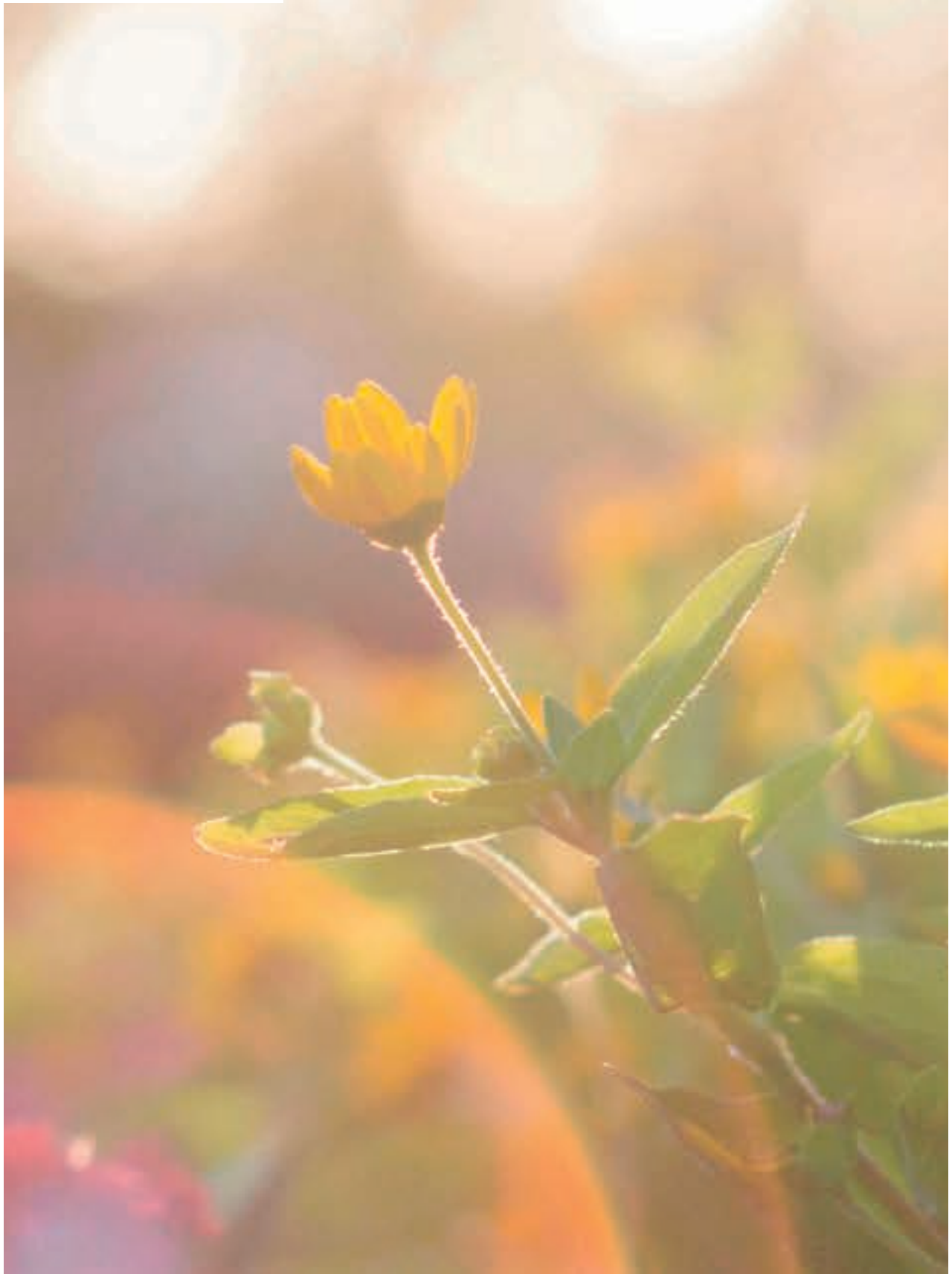
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You can now direct your focus towards the finish line, as managing a few remaining steps will lead you to the completion of this phase of your responsibilities.

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ADJUSTING TO YOUR LOSS

Whether your loved one has passed away, become incapacitated, moved to a care facility or otherwise left you responsible for their affairs, you have lost them to some extent. It's important to balance that major event with the responsibilities bestowed you. Take the time for the family obligations and personal breaks to focus on the most important part of this stage; acknowledging this transition in whatever form that is. If you're unsure of your role at this time but are aware there may be obligations that need attention, seek answers from family or others so that nothing pressing is ignored. In most cases there will not be a pending emergency, but certain obligations don't stop, and penalties can accrue if not addressed timely.

OBLIGATIONS TO KEEP IN MIND THAT MAY NEED IMMEDIATE ATTENTION AND PAYMENT:



- Utilities
- Taxes
- Mortgage or other loan payments
- Insurance
- HOA fees (if property is in an assoc.)
- Money owed a contractor for recent work
- Work that was supposed to start for a needed repair (such as a leaky roof)

SOME OTHER IMMEDIATE ITEMS INCLUDE:



- Ensuring the property is ready for changes in weather (freezing pipes, heating fuel, pools closed etc..)
- Vendors in place for property upkeep
- Property security
- Mail and other communications
- Perishable food/garbage take out

Outside of these immediate needs, the property will be ready for your attention when the more emotional responsibilities lessen. Since some tasks are recurring payments, determine which may be on auto pay and which may offer some flexibility. If there is a cash flow issue while money gets freed up, calling vendors can buy time, halt late fees and put them on notice about a transition.

UNDERSTANDING YOUR NEW ROLE

As things settle, it will be time to give more care to the estate's business matters. Given that real estate is a tangible asset, management is more hands-on than most investments. There are a few organizational tasks to begin with that will start your journey into this role on the right foot.



- Locate the “permanent” documents for the home, such as deed, survey, mortgage and title insurance policy.
- Collect all paperwork related to your right to act on behalf of the estate.
- Begin to plan how you can most responsibly administer the estate.

In this stage, challenges may arise, like the absence of a will or missing paperwork related to the ownership of the home. Despite these hurdles, the primary objective is to establish someone with the authority to act on behalf of the estate. Seeking guidance from an attorney is recommended, as they can help navigate the legal process and help you gain control over the assets. The specific course of action will depend on

how the ownership of the assets was organized by the grantor. We can provide connections with professionals who specialize in this area, but you should begin by reaching out to your loved-one's attorney, accountant, financial advisor, or other contact who can provide additional insight into the estate's situation. The surrogate court in the county where your loved-one resided will also be a valuable resource for direction at this point. The surrogate courts in northern NJ counties have very robust systems in place to assist people who are precisely in your role.

While you work towards the authority to act for the estate and progress through the organization phase, ongoing steps include:

- Keeping up on the bills and maintenance of the property.
- Assessing the overall condition of the property.
- Organizing and securing all remaining important files, family heirlooms and other valuables, preferably off site from the property.
- Consulting with the loved one's financial team, if there is one. If not, engage a tax and financial professional to bring someone on the team that can provide financial and tax guidance.



DOING RIGHT FOR YOU AND THE ESTATE

As we know, being an administrator is a big responsibility, but you are not required to take that responsibility. An attorney or surrogate court can educate you of your rights in regards to this, but many want to honor their loved one's decisions and retain their responsibility while relying on friends, family and professionals to assist in the various tasks and decisions to handle the job competently. If there are multiple financial matters in addition to the real estate holdings, the commitment can be significant.

THINGS TO CONSIDER WHEN AT THIS STAGE:

- Will the assets need physical attention, and are you local to that need?
- Will you have the time to manage the duties of the estate along with your other obligations?
- Is there somebody in your circle that you can pass the responsibility on to, if you feel it's too much?

If the decision is to remain in your role, now is a good time to organize and prioritize the various assets and responsibilities required to fulfill your duties in the best way possible. Mapping it out this way often reveals where you may need help and gives you a timeline to seek help as you move further into the process.

THINGS TO CONSIDER WHEN CONNECTING YOUR ABILITY AND THE ESTATE'S NEEDS:

- Are you comfortable managing the relationships that may exert pressure on your decisions? Although your responsibility is to the estate, the reality is that personalities can cause distractions.
- Are there adequate financial and professional resources available to you to carry out and potentially maximize the estate's position?
- Do you have a clear path to administering the estate in line with the grantor's wishes?

If you've determined you are ready to continue your role, it's time to take action on behalf of the estate's wishes.





ASSESSING THE PROPERTY

Whether there are one or multiple properties, understanding their condition and market value is necessary to properly guide your decisions. This may be trying with the loved one's personal residence; it may hold sentimental value as well as belongings with other emotional attachment. Removing the contents respectfully could be a daunting task. Additionally, if the grantor lived in the home for many years or was in declining health, there is a greater chance of deferred maintenance, outdated finishes and other conditions that may impact its value and increase the difficulty in managing its functionality.

To help with this important task, a real estate professional can be consulted to provide an assessment of the property. The assessment will give insight into the home's value and what efforts may be worth the time and money to retain or gain value while aligning with the estate's objectives. Whether the plan is to sell or hold, establishing this benchmark for the property is an important step in valuing the entire estate and establishing the financial requirements of the real estate component going forward.

SOME POSSIBLE PATHS THE ASSESSMENT MAY LEAD TO:

- The home can be reoccupied or sold as-is because it is in turn-key condition.
- The home will need significant repairs or updates to reoccupy or sell.
- The home's value is more in the land and can be sold as-is, limiting the need for investment or upkeep.
- The home could be rented because of market demand, condition, and a longer term strategy for the estate.

In some instances, a valuation from a licensed appraiser may be helpful or required if there is a value dispute, but for the purpose here, a knowledgeable real estate agent who represents other homes in the area and is familiar with what buyers are seeking, will likely provide more accurate market knowledge and, importantly, guidance on how the property should be kept or presented more than an appraiser. In addition, the appraiser will charge for their evaluation, while many real estate agents will give you their evaluation for free in exchange for the opportunity to sell the home should you decide to. Either way, good practice would be to have multiple opinions; either two or more agents or a mix of an agent and an appraiser. Your real estate pro may also recommend a professional home inspection to further support the benchmark condition of the home.

As you're handling these duties, you'll likely be approached by people interested in acquiring the property. There are investors that concentrate on estate properties, and many times, these groups are opportunistic, seeking administrators that will sell a property quickly for less than market value. Somebody with a connection to the property may also be interested, such as a neighbor, friend, acquaintance or even a family member. While these buyers may be a good source for a sale, it's recommended to get a clear understanding of the property's value by a professional before committing to one of these buyers.

At WLA, we strive to preserve the real estate value for the beneficiaries, often guiding past this initial interest to widen the market and aim for a top-dollar sale, if that is the plan. Sometimes the goal isn't just top dollar, so we work with the administrator to execute a plan that values their duty to the estate and gets the property to the next deserving steward, whether that involves a sale or not. Whichever direction is taken, the importance of the previous steps is highlighted as the different options for the property begin to present themselves.



PREPARING THE HOME FOR ITS NEXT STAGE



Many of our clients rely on us during this process for suggestions on the scope of work and for vendor recommendations. Since this ties in with our overall assessment goals, we aim to find balance in doing the right amount of work to stabilize the property and prepare it for its next role without doing more than necessary.

THE BASELINE CONDITION WE'VE FOUND TO BE THE BEST RETURN, MOST PRACTICAL, AND MANAGEABLE FOR AN ADMINISTRATOR IS:

- The home cleared of all personal belongings.
- The home is professionally cleaned.
- Areas with excessive wear or damage should be removed or replaced, such as carpeting, wallpaper and painted walls.
- All major systems operational.
- Any environmental hazards are identified and/or addressed

HOME CLEAN OUT:

It's important to weigh the time and effort in doing this task yourself versus hiring vendors to help. If there are valuable contents, or you're unsure if there are, an estate sale company should evaluate the contents of the home. Typically it becomes a mixture of selling the valuables, donating what you can, and discarding what is hard to find a home for. We have different vendors we recommend for this stage based on the location, scope of work and the administrators plan.

PROFESSIONALLY CLEANED:

This task will be money well spent for value preservation, to identify any hidden issues, and to give a fresh breath to the home. Areas with wear and tear, obvious signs of age, or lack of maintenance should be addressed. Remove old carpeting, wallpaper and repaint walls; a full repaint of the interior may be needed.

SYSTEMS OPERATIONAL:

A fully functioning home is critical to the health of the occupants and its value. Working heat, air conditioning, electric and plumbing will greatly open your buyer pool in both the number of prospects and their financing options.

ENVIRONMENTAL CONDITIONS:

In Northern New Jersey, the most common of these problems are underground heating oil tanks, septic systems, and private wells. Not all homes are on these private systems, but if yours is, it's recommended to have them at least evaluated prior to putting the home on the market. These items can be particularly costly and time consuming, so the knowledge of their condition can impact a transition whether it's now or in the future.



ACHIEVING THE BEST RESULTS

Achieving the best results with an inherited property involves careful planning, informed decision-making, and a thoughtful approach. Here are 3 steps to help you maximize the value and ensure the best possible outcome.

1 Evaluate Personal Goals and Financial Situation

Start by considering your own financial goals and situation. Are you in need of immediate funds, or can you afford to hold onto the property? Determine if you want to use the property for rental income, sell it to maximize profit, or keep it for sentimental or long-term investment purposes.

2 Assess the Property's Condition and Market Value

Conduct a thorough assessment of the property's condition and market value. Get a professional market analysis to understand its current worth. This will help you decide if it's worth investing in renovations or if selling it "as-is" is the best option.

3 Consult with Experts

Seek advice from professionals who specialize in real estate, finance, and estate planning. Real estate agents, financial advisors, and estate attorneys can provide valuable insights into the potential financial, legal, and tax implications of various options, helping you make an informed decision about what to do with the inherited property.

By determining clear objectives, assessing the property's condition and obtaining the expertise of professionals, you can rest assured that you are managing your inherited property correctly and take the necessary steps to optimize its value and potential, ultimately achieving the best result.

Seeking assurance that you are managing your inherited property correctly is crucial to making informed decisions and ensuring the best possible outcomes. In the pages that follow we share the story of a client in a similar circumstance who thoughtfully achieved the best results for his family.

CASE STUDY

1 ADMINISTRATOR.

2 HOMES.

2 NJ MARKETS.

Scott engaged WLA to assist with the sale of two family homes he was named as administrator for: his childhood home in Boonton Township and his grandparents' home in Paramus. Scott lived in Georgia, which compounded his need for assistance. In his case, both homes were held in an LLC, of which he was a managing member, giving him control of the properties by the time he contacted us. Even so, there were still important characteristics of each property to identify so that a proper valuation and strategy could be developed and executed.

With a short visit, Scott introduced us to the properties so we could provide our analysis and put a plan in place to sell the homes in a way that aligned with his goals and resources. Our analysis revealed different paths for the homes and their preparation; one was decidedly worth investing in to be more appealing to a larger range of buyers, while the other's value was quite clearly in the land more than the older home that was on it. So, while each home required different actions to gain full value, we assisted with carrying out those actions over the course of two months while Scott was back in Georgia. Both homes were cleared out on the inside and outside. The home in Boonton Township was also given some handyman work to improve safety and aesthetics, along with a new septic system. Further, there was a significant easement that we took the time to understand completely in order to articulate it properly to prospective buyers. The home we brought to market certainly still needed updating and improvements, but with the recommended boosts, the home sold for nearly \$40,000 over the asking price. We estimate that the time and money invested gained the LLC approximately \$50,000 in additional value.

The Paramus home benefited from an ideal location within a town that has seen an explosion of new construction in recent years. Our analysis revealed the size of the lot and its location on a quiet street would make the land extremely valuable.

Even though the home could have been saved with a renovation, it was determined that the majority of the buyers for this home, and the ones who would pay the most for it with the least complications, would be knocking it down to build a new home. Here, our recommendation was simply to clear the home of all personal belongings, which was accomplished partly by family members along with a professional clean-out company that we recommended.

While the work was going on at both properties, WLA proactively engaged local builders and investors to drive interest to the Paramus home in advance of officially bringing it onto the market. When it finally was listed, we had a captive audience that made strong bids. The home was ultimately sold to a local resident planning to build his dream home on the property. That home sold for nearly \$60,000 over the asking price with very little investment required by the seller. The winning bid was approximately 10% greater than investors' bids, 20% more than unsolicited bids prior to our engagement, and nearly double what the administrator thought the home may be worth! This is a great demonstration showing the power of strategy and marketing when selling a home.

We were thrilled to get such great results for Scott and all the others we've helped, and hope that the value we brought to the beneficiaries will make a positive impact for years to come. For our part, we get great satisfaction in helping those that have this important responsibility bestowed upon them, and look forward to assisting the next individuals that could benefit from our involvement.



538 Powerville Road, Boonton, NJ



152 Greglawn Drive, Paramus, NJ

"I contacted Larry in an attempt to sell multiple family homes in Boonton and Paramus. Being out of state, I was worried about the process of getting the homes ready for sale and on the market while not being present. Larry eased my anxiety and went above and beyond to help prepare both homes for sale. Both homes received multiple offers and sold for well above the asking prices due to the planning and execution we worked on together. Larry is personable, professional and proficient but most importantly he generated fantastic results for my family."

-Scott

WE'RE HERE FOR YOU.

We hope this guide is the start to you making powerful and confident decisions about your inherited property. Real estate is often the most important investment your loved one has made in their lifetime, so it typically becomes a large part of an administrator's role. For this reason, we are respectful of your inherited home and mindful of our responsibility to assist you in managing it as effectively as possible.

We pride ourselves on our expertise, accessibility, responsiveness, and overall professionalism. We are absolutely committed to making your experience as seamless and stress-free as possible so you can feel confident in your home selling decisions. We look forward to exceeding your expectations.

- Larry and Barbara Brush



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As a boutique real estate firm, William Lawrence Agency provides expert real estate marketing, strategy and transaction management services. We are the steady hand in your home sale, bringing decades of experience to the process to ensure we achieve your goals with skill and professionalism.

Our proactive and committed approach, coupled with our negotiation experience and acute local market knowledge uniquely position us to deliver stellar results for our residential sellers and buyers.



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